

**DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE
INTERIM POLICY DOCUMENT**

03-02

Information Technology Capital Planning

April 24, 2003

1. Purpose. This Interim Policy Document (IPD) defines the Minerals Management Service (MMS) policies and responsibilities for planning and managing investments in Information Technology (IT). It outlines a framework to manage its IT investment portfolio through the Capital Planning Investment Control (CPIC) process.

2. Objective. Through the establishment of capital planning, the MMS will ensure that investments in IT are made, managed and documented on a sound business basis; reflect the strategic goals of the MMS; and comply with applicable MMS, Departmental, and Federal policies. Furthermore, it will promote the concept that IT is a critical corporate asset. It will provide a framework to improve the productivity, efficiency, and effectiveness of MMS programs by ensuring that investments in IT are linked to mission critical goals and budget initiatives and are managed in accordance with validated business processes.

3. Goals. The goal of the MMS's CPIC process is to provide a comprehensive approach to ensure bureau IT investments that will:

A. Link to the accomplishment of MMS mission, strategic goals, and objectives.

B. Provide the best value and return on investment.

C. Measure in terms of benefits and results.

D. Adhere to the President's Management Agenda (PMA) initiative to link performance goals to program activities in MMS budget requests.

E. Integrate critical IT security requirements during all phases of project development.

F. Support the PMA on electronic government (e-Gov). Existing and proposed IT investments will be evaluated to ensure that Internet-based and other electronic information, services, and program delivery channels have been sufficiently considered. The MMS process embodies the Secretary of the Interior's 4C's vision: consultation, cooperation, communication--all in the service of conservation.

4. Scope. The IT CPIC policies described herein are applicable to all components of the Minerals Management Service.

5. Authority.

- A. The Chief Financial Officer (CFO) Act of 1990.
- B. Government Performance and Results Act (GPRA) of 1993.
- C. The Federal Acquisition Streamlining Act (FASA) of 1994.
- D. The Paperwork Reduction Act (PRA) of 1995.
- E. The Clinger-Cohen Act (CCA) of 1996. Also referred to as the Information Technology Management Reform Act (ITMRA).
- F. The Government Paperwork Elimination Act (GPEA) of 1998.
- G. The Government Information Security Reform Act (GISRA) of 2001.
- H. OMB Circular A-11, Preparation, Submission and Execution of the Budget.
- I. The DOI Information Technology and Construction Capital Planning and Investment Control Guide dated December 2002.

6. References.

- A. The DOI Information Technology and Construction Capital Planning and Investment Control Guide dated December 2002.
- B. Clinger-Cohen Act (Information Technology Management Reform Act (ITMRA) of 1996).
- C. Executive order 13011, Federal Information Technology, dated July 16, 1996.
- D. OMB Circular A-11, Preparation, Submission and Execution of the Budget.
- E. OMB Circular A-130, as amended, Management of Federal Information Resources, dated November 2000.
- F. OMB Capital Programming Guide, July 1997.
- G. OMB Circular A-94, Discount Rates to be used in Evaluating Time-Distributed Costs and Benefits, 1992.
- H. The Government Performance and Results Act (GPRA) of 1993.
- I. The Federal Acquisition Streamlining Act (FASA) of 1994.

J. The Government Paperwork Elimination Act of 1998.

K. The Government Information Security Reform Act of 2001.

7. Definitions.

A. Capital Assets are land, structures, equipment, intellectual property (e.g., software), and information technology (includes IT service contracts) that are used by the Federal Government and have an estimated useful life of 2 years or more.

B. Capital Planning and Investment Control (CPIC) is synonymous with capital programming and is a decision making process for ensuring that IT investments integrate strategic planning, budgeting, procurement, and the management of IT in support of agency missions and business needs. The term comes from the Clinger-Cohen Act of 1996 and generally is used in relationship to IT management issues. The CPIC is a structured process in which proposed and ongoing IT investments are continually monitored throughout their life cycle. The CPIC relies on a 5-phase systematic process: (1) preselection (assess proposed investments); (2) selection (investments reviewed within the agency; DOI approved; entered into the budget process); (3) control (determine if meeting cost, schedules, performance goals); (4) evaluation (actual results compared to performance goals, identify needed modifications); and (5) steady state (assess investment's continued effectiveness; consider retirement or replacement) to ensure each investment's objectives support the business and mission needs of the MMS.

C. Enterprise Architecture is an agencywide framework for incorporating business processes, information flows, applications, and infrastructure to support agency goals.

D. Information System means a discrete set of information technology, data, and related resources, such as personnel, hardware, software, and associated information technology services organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information.

E. Information Technology, as defined by the Clinger-Cohen Act of 1996, sections 5002, 5141, and 5142, means any equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching interchange, transmission, or reception of data or information. For purposes of this definition, equipment is "used" by an agency whether the agency uses the equipment directly or it is used by a contractor under a contract with the agency that (1) requires the use of such equipment, or (2) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product. Information technology includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources. It does not include any equipment that is acquired by a Federal contractor incidental to a Federal contract.

F. Information Technology Investment Review Board is the governing and approval body responsible for ensuring that proposed investments meet MMS strategic, business, and technical

objectives. It will be comprised of the Deputy Director and the Associate Directors. The Chief, Information Resources Management Division; Chief, Budget and Finance Division; and Chief, Procurement and Support Services Division, will serve as ex officio nonvoting members.

G. Integrated Project Team (IPT) means a multidisciplinary team led by a program manager responsible and accountable for planning, budgeting, procurement, and life cycle management of the project to achieve its cost, schedule, and performance goals. Team skills include budgetary, financial, capital planning, procurement, user, program, value management, earned value management, and other staff as appropriate.

H. Life Cycle Costs means the overall estimated costs for a particular project over the time period corresponding to the life of the program, including planning, acquisition, implementation, operation and maintenance, and disposal.

I. System Life Cycle means a structured development approach with defined activities, phases, products, and reviews providing a standard to support the development of systems from identification of a business need through implementation, operation, maintenance, and eventual retirement.

J. IT Investment Portfolio means a comprehensive listing of all IT equipment and intellectual property (including software and applications) that are used by MMS components and have an estimated useful life of 2 years or more. The listing will include the following IT systems:

(1) Mission critical. Systems essential to the completion of a mission (sometimes known as program specific).

(2) Cross-functional. Systems that cut across more than one program or mission.

(3) Infrastructure. Enabling technologies that are essential to run other types of systems (may include networks, telecommunications, etc).

(4) Administrative. Systems that are operational in nature, but not mission specific (such as accounting and financial systems).

(5) Research & Development. Projects or systems that are "state of the art" either in concept or technology that could reinvent the MMS processes or mission. Embedded systems are not included because they are considered parts of larger systems.

K. IT Architecture means an integrated framework for evolving and acquiring new information technology to achieve the agency's strategic goals and information resource management goals.

L. Project Sponsor/System Owner means a business official responsible for the strategic business processes under development or enhancement and for ensuring their integrity.

M. Project Manager means a trained or experienced official responsible for management and completion of one or more IT investment projects.

8. Policy. The CPIC process will establish a consistent and well-supported decisionmaking approach that integrates the strategic planning, budgeting, procurement, and asset control processes. IT investments that meet at least one of the following criteria will follow the CPIC process.

A. Exceeds \$2 million for total IT life cycle costs (per Assistant Secretary–Policy, Management and Budget memorandum dated May 5, 2002, subject: CPIC Guidance for FY 2004).

B. The MMS Director determines it to have critical importance in accomplishing the bureau's mission(s).

C. The MMS Director determines that it is of sufficient interest to the public and/or Congress to merit continuous involvement by MMS senior-level management.

D. Has significant multiple-agency impact.

E. Mandated by legislation or Executive order, or identified by the Department as being critical.

F. Departmental strategic or mandatory-use systems.

G. Significantly differs from or impacts the Department's infrastructure, architecture, or standards guidelines.

H. All financial systems with a life cycle cost greater than \$500,000.

I. High risk as determined by OMB, GAO, Congress, and/or the Department's Chief Information Officer.

9. Process. The CPIC process is a cooperative effort that must have the support of many offices in order to succeed. Detailed capital planning guidance can be found in the Department's IT CPIC Guide and is to be followed by all MMS offices. A copy of the guide can be found on the Business Activities/ IT Management page of the Pipeline. By following the guide, MMS program areas can ensure systematic and timely reporting for determining if IT investments have succeeded in meeting established costs, schedules, and performance milestones. The need for program changes and strategy adjustments based on reported status can then be determined. An overview of the CPIC review process is included as Appendix 1.

10. Responsibilities.

A. The MMS IT Investment Review Board is responsible for:

(1) Advising the MMS Director on the status of IT investments within the MMS so that current and future information systems and technologies support the strategic goals and objectives of the agency.

(2) Overseeing all significant IT initiatives following Departmental and OMB Capital Planning guidance.

(3) Ensuring that IT investments align with agency standards for Enterprise Architecture Planning, Security and Privacy, and e-Gov planning.

(4) Reviewing and approving/disapproving Capital Asset Plans and Business Case (Exhibit 300s and Exhibit 53) and other appropriate documentation for new and ongoing investments consistent with established budget cycles.

(5) Scoring and ranking investments to provide recommendations to the Information Technology Management Council (ITMC) to support its decision to continue, reduce, terminate, or defer IT projects.

(6) Determining the ongoing viability of IT projects included in the MMS portfolio as measured against project cost, schedule, and performance goals. For investments not meeting established goals, ensure corrective actions are taken.

(7) Directing special projects and studies concerning IRM activities.

(8) Evaluating quarterly/milestone control review documents and ensuring IT investments have succeeded in meeting established cost, schedule, and performance milestones.

B. The MMS Chief Information Officer (CIO) is responsible for:

(1) Recommending bureauwide IT policies and standards for the Director's approval.

(2) Recommending updates to the MMS IT Strategic Plan for the Director's approval.

(3) Providing Department level reporting to the Office of the Chief Information Officer (OCIO) and ITMC as appropriate, concerning the status of MMS IT investments.

(4) Signing CPIC documentation before submission to Department's Office of the Chief Information Officer.

(5) Providing OCIO with investment reviews to assist them in monitoring bureau IT investments.

C. Bureau Associate Directors are responsible for:

(1) Budgeting for and establishing information management capabilities to meet their programmatic mission requirements and ensuring that their information technology investments

are effectively managed throughout their life cycle in a manner that supports the policies and objectives of this IPD.

(2) Interpreting and translating information management policies in the context of mission accomplishment.

(3) Implementing business practices for the creation, collection, and use of information as a corporate resource and linking decisions for information management investments to programmatic missions and Departmental objectives and goals.

(4) Participating in the development, maintenance, and continuous improvement of information management business policies, bureau business systems, and processes institutionalized by Departmental functional organizations to achieve performance objectives, measures, and expectations.

(5) Promoting the use of sound business practices in information management and information technology activities consistent with applicable laws and regulations.

(6) Ensuring that this policy and its objectives are incorporated into their program planning, management, contract administration, and performance evaluation activities.

(7) Providing executive sponsorship of IT investments.

(8) Identifying a Project Sponsor/System Owner for each IT capital investment within their program area.

(9) Reviewing the Exhibit 300 for new and ongoing IT investments within their program area.

(10) Identifying funding source and obtaining bureau approvals for new and ongoing IT investments.

(11) Evaluating quarterly/milestone control review documents.

(12) Assessing IT project progress against performance measures.

D. The Information Resources Management Division is responsible for:

(1) Serving as the primary interface for capital asset planning between the investment and OCIO.

(2) Coordinating with program offices concerning the development of new initiatives that are potential candidates for inclusion in the MMS IT investment portfolio.

(3) Assisting program managers in following OMB Circular A-11 guidelines.

(4) Analyzing Exhibit 300 documentation to ensure quality and conformance with OMB and OCIO policies and guidelines.

(5) Ensuring consistency between Exhibit 300s and Exhibit 53.

(6) Coordinating the submission of Exhibit 300s to the Department's Office of the Chief Information Officer.

(7) Preparing and submitting Exhibit 53 to the Department's Office of the Chief Information Officer.

(8) Evaluating quarterly/milestone control review documents and forwarding them to the Information Technology Investment Review Board (ITIRB).

E. The Budget and Finance Division is responsible for:

(1) Serving as liaison for IT investments between the IRMD and the Office of Policy Management and Budget; the Office of Management and Budget; and congressional staff.

(2) Reviewing the sufficiency of Exhibit 300s documentation and Exhibit 53 to ensure that all budgetary resources are appropriately addressed and in line with budget submissions and justifications.

(3) Reviewing financial systems projects for conformance with financial guidance and requirements.

(4) Participating in the Integrated Project Team (IPT) as appropriate.

F. The IPT is responsible for:

(1) Addressing concerns and requirements from reviewers in each participating discipline and providing a collaboration of ideas for effective responses/solutions.

(2) Ensuring support for the project across all affected disciplines; e.g., budget, financial, capital planning, procurement, and program.

(3) Sharing knowledge of each discipline for overall success of the project.

(4) Forwarding quarterly/milestone control review documents to the IRMD.

G. The Project Manager is responsible for:

(1) Accounting for planning, budgeting, procurement, and life cycle management of the project to achieve projected cost, schedule, and performance.

(2) Preparing and/or updating Exhibit 300s in accordance with OMB Circular A-11, Section 300, consistent with established budget cycles. Establishing and maintaining project costs, schedule, benefits and risks, and technical baselines.

(3) Preparing quarterly/milestone control review documents for submission to the IPT.

(4) Ensuring that the IT system follows a documented life cycle methodology.

H. Project Sponsor/System Owner is responsible for:

(1) Developing a preliminary business case for new IT initiatives when a mission analysis has identified a business need that can be met through an IT investment.

(2) Ensuring that the planning, budgeting, staffing, acquisition, development, implementation, and maintenance of an IT system under their management comply with OMB Circulars A-11 and A-130 as well as other pertinent guidelines.

(3) Ensuring that the IT investment has a trained and/or experienced project manager.

(4) Ensuring that an IPT is assigned to the new or ongoing IT investment.

(5) Appointing the chair of the IPT.

(6) Ensuring that an Exhibit 300s is prepared and/or updated in accordance with OMB Circular A-11, Section 300, as required by established budget cycle.

(7) Evaluating quarterly/milestone control review documents and forwarding them to the IRM Division.

(8) Assessing project progress against budget and performance measures.

(9) Conducting a Post Implementation Review of the IT project and presenting results to the bureau sponsor and the ITIRB.

(10) Conducting an analysis for steady state systems to determine if the system continues to meet mission requirements in a cost effective manner.

(11) Ensuring that all major IT systems follow a documented life cycle methodology.

11. Cancellation. This IPD is canceled 1 year from date of issuance.



R. M. 'Johnnie' Burton
Director

Capital Planning Review and Approval Process